



Utah Counties Insurance Pool  
*Supporting Your Goals Since 1992*

## Builders Risk Coverage

Johnnie Miller

April 2009

1

## 2 Primary Purposes

1. Reduced cost over adding building at full value at beginning of construction.
2. Extends coverage to materials on site and contractors scaffolds and other equipment.



Utah Counties Insurance Pool  
*Supporting Your Goals Since 1992*

2

## Reporting Form

- Insured reports estimated value of building monthly during construction. Deposit is made, then monthly premium calculated to determine ultimate premium.

$$\frac{\text{Value at end of month X rate}}{12} = \text{monthly premium}$$



3

## Completed Value Form

- Completed value is apportioned over construction period to calculate charge.

$$\left\{ \left[ \frac{\text{Total value}}{\# \text{ of months for completion}} \right] \times \# \text{ of months under construction} \right\} \times \text{rate}$$

= Total Project Premium



4

## Who buys the coverage?

- The Contractor if:
  - A general contractor is hired
  - Using standard architects contracts
  - The county accepts the building at end of construction
- The County if:
  - The county is acting as general contractor
  - The county owns the materials as they are delivered
  - The county has agreed to provide coverage under amended construction contracts
  - When the county is comfortable not subrogating against at-fault contractors & subs



5

## Which is cheapest?

- Contractor cost may be higher than UCIP, but:
  - Ultimate cost with UCIP may be higher due to inability to subrogate against at-fault contractors or subs
  - Contractors cost is good indicator of contractors track record (Underwriter is assisting you in finding the best contractor)
  - Cost plus not allowed, so contractor cannot “markup” the cost of coverage
  - A contractor that cannot find builders risk is not a contractor you want to hire!



6

## When do I need it?

- Automatic Property coverage from UCIP for buildings under \$250,000
  - Can use this coverage for:
    - Small building projects
    - Additions
  - Confirm with contractors that equipment is not covered
  - Control value of materials on site

